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Hertz Press Information

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Compacts Up Nearly 2¢ a Mile in '85 ...

NEW CAR OWNERSHIP & OPERATING OUTLAYS CLIMB 4.3% TO 47.64¢ DESPITE FUEL, LOAN DECLINES

Despite drops in gasoline prices and car loan interest rates, 1985 automobile ownership and operating expenses rose for the 12th year in the past 13, as typical compact models reached a record 47.64¢ a mile, up 4.3% or 1.97¢ from 1984's 45.67¢, according to The Hertz Corporation's annual estimates issued today.

Since 1972, the last year before the first Arab oil embargo, outlays to own and run typical U.S. cars soared 189%, with only 1983 recording a 5.2% decline. By contrast, the nation's overall living costs climbed 157% in the same period, the report noted.

The new Hertz survey shows 1985 increases in insurance, licenses, taxes, fees, maintenance, repairs and depreciation — the difference between car purchase price and resale value. These items more than offset slight fuel and loan cost declines.

Typical 1985 compact car purchase prices shot up nearly 8% to $9,834 from 1984's $9,113. Purchase price increases can boost depreciation, loan, tax and insurance outlays, the study points out. The 47.64¢ a mile 1985 figure is for a normally-equipped compact make, purchased new and driven 10,000 miles annually for five years.

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Hertz estimates average auto costs over a full year. "If interest rates and oil prices continue declining as they have in recent months, 1986 vehicle expenses could drop significantly," the rental company said.

Car Size, Age, Mileage Change Expenses Significantly

Automotive expenses differ significantly by vehicle size, optional equipment, annual mileage, ownership duration and where autos are driven, the company noted. Also, cars purchased new or used and kept for longer periods cost substantially less than those traded frequently, the firm's latest study shows.

In the new report, subcompact models showed the sharpest 1985 advance, rising 11.7% to 40.92¢ a mile from 36.63¢ in 1984, largely because more than half of the buyers of these mini-cars equipped them with air-conditioning, an option not included in 1984 figures. Standard-size autos jumped 4.5% to 62.97¢ a mile, some 54% above the sub-compact's estimated cost.

Here are recent per-mile cost estimates for different sized cars purchased new and driven 10,000 miles annually for five years, typical mileage and use figures for individual U.S. motorists, according to Hertz:

HERTZ 1978-1985 COST ESTIMATES BY CAR SIZE

Year	1985	1984	'85-4%	1983	1982	1978	'78-85 %
CAR SIZE			Change				Change
Subcompact	0.4092	0.3663	+.117	0.3463	0.3418	0.2252	+.817
COMPACT	0.4764	0.4567	+.043	0.4328	0.4467	0.2485	+.917
Mid-size	0.4715	0.4861	-.030	0.4546	0.4902	0.2873	+.641
Intermediate	0.5223	0.5019	+.041	0.4956	0.5009	0.2891	+.807
Standard	0.6297	0.5977	+.054	0.5542	0.5231	0.3233	+.948
5-Size AVG.	0.5018	0.4817	+.045	0.4567	0.4605	0.2747	+.826

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Study figures also demonstrate that keeping cars longer can save:

— New 1985 compacts driven 10,000 miles a year but traded annually cost 57.25¢ a mile, 9.6¢ more than those kept the more typical FIVE years;

— Compacts retained TEN years and also run 10,000 miles a year averaged 36.87¢ a mile , 10.8¢ less than FIVE-year ownership, and some 20.38¢ under costs for annual trading. This produces savings of $20,380 over the car's life-span, the study shows.

Mileage Inches Back Up

The Hertz data reports that over the past 13 years motorists have been driving less, keeping cars longer and purchasing smaller vehicles with fewer options, in an attempt to keep driving outlays in line with family incomes:

— From 1972 to 1983, average yearly passenger car mileage dropped 22% from 10,362 to 8,037 miles before turning back upward to 8,317 in 1984 and 8,586 miles last year;

— Compact cars, rather than intermediates, are now the most typical new models purchased;

— New cars are now kept an average of 5.2 years against 3.6; and,

— Average age of all cars on the road is now 7.6 years vs. 5.7 in 1972.

Hertz study figures show that some three-quarters of all auto outlays for typical driving are in so-called "fixed"or "standing" expenses such as depreciation, interest, insurance, licenses, taxes and fees. These are largely influenced by the car's purchase price and how long the vehicle is driven. "Variable" or "running" costs — such as gasoline, oil, maintenance, repairs, parts and accessories — comprise the remaining 25% of the expenditures.

Trading (or selling) a car sooner raises the "fixed" to "variable" cost ratio (to about four-fifths of total charges) while keeping one longer usually lowers it (to roughly two-thirds).

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Dollars Per Year Vs. Cents Per Mile

The company's report stressed that variations in annual driving distances also have a material effect on the cents-per-mile costs because annual fixed dollar outlays are divided by more, or fewer, miles.

For the five-year driver, a new 1985 compact's costs ranged from 89.24¢ a mile at 5,000 miles a year to 30.6¢ at an annual 20,000 miles of driving — 58.64¢ A MILE less!

However, on an ANNUAL dollar basis, 5,000 miles a year totals just $4,147 while 20,000 miles a year comes to $6,120 — $1,973 a year more. The average driving distance for U.S. passenger cars in their first five years of service was 10,156 miles in 1984, latest year for which there are mileage figures.

Driving expenses can vary so dramatically under such a wide array of circumstances that each motorist should figure his or her own outlays, Hertz said.

For example, parking and tolls can add 10-40¢ a mile in major cities, but can vary substantially even for similar autos in the same city if driving patterns differ.

The yearly studies by Hertz cover all auto expenses except parking and tolls. Included are depreciation — the difference between purchase price and resale value — insurance, licenses, registration, inspection, and other fees, plus interest, maintenance, accessories and repairs, along with gasoline and other service station charges.

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TABLE 1-A The Hertz Corp. 2/86

HERTZ ESTIMATES OF 1985 NEW CAR OWNERSHIP & OPERATING COSTS

Years Use	<-SUB_COMPACT->	<-------'COMPACT'------->				INTER-MEDIATE	STAN-DARD
	<- At CONSTANT Annual Mileages -> (in cents per mile)						
	10000	5000	8586	10000	20000	10000	10000
1	0.4807	1.0321	0.6370	0.5725	0.3349	0.6280	0.7671
2	0.4609	0.9721	0.6076	0.5447	0.3312	0.5999	0.7267
3	0.4382	0.9055	0.5777	0.5146	0.3201	0.5684	0.6840
4	0.4207	0.8660	0.5528	0.4919	0.3122	0.5443	0.6518
5	0.4092	0.8294	0.5330	0.4764	0.3060	0.5283	0.6297
6	0.3837	0.7618	0.4925	0.4437	No Data	0.4939	0.5850
7	0.3642	0.7070	0.4653	0.4191	Over	0.4680	0.5512
8	0.3488	0.6649	0.4400	0.3987	100,000	0.4465	0.5233
9	0.3359	0.6288	0.4217	0.3821	Miles	0.4291	0.5005
10	0.3255	0.6017	0.4058	0.3687	——	0.4149	0.4819

HISTORICAL COMPARISONS OF NEW 'INTERMEDIATE' SIZE CAR

	<-@ Estimated Varying Mileage Yearly->				<-@ Constant 10,000->		
	3-Year		10-Year		MILES PER YEAR		AVG.COST
	Average Annual Mileage	Use Cost Cents-Per-Mile	Average Annual Mileage	Use Cost Cents-Per-Mile	3 Yr. Use Cost	10-Yr. Use Cost	Of 3-Yr. Use In Constant
Year	C.P.M.	$ P.Y.	M.P.Y.	C.P.M.	$ P.Y.		(1985) $
1925E	5835	0.1690	Not Available		0.1150	N/A	0.7060
1950	12771	0.0930	9032	0.0800	0.1090	0.0770	0.4872
1960	13497	0.1220	9545	0.0980	0.1440	0.0950	0.5232
1970	14267	0.1470	10090	0.1210	0.1900	0.1220	0.5265
1971	14567	0.1430	10280	0.1190	0.1870	0.1210	0.4969
1972	14652	0.1510	10362	0.1210	0.1970	0.1240	0.5067
1973	13570	0.1620	9597	0.1340	0.2020	0.1310	0.4891
1974	12300	0.2070	8732	0.1710	0.2380	0.1590	0.5193
1975	12561	0.2320	8901	0.1890	0.2720	0.1770	0.5798
1976	11885	0.2480	9015	0.2010	0.2810	0.1790	0.5318
1977	12127	0.2620	9199	0.2080	0.3010	0.2000	0.5345
1978	12082	0.2910	9165	0.2310	0.3310	0.2200	0.5462
1979	11666	0.3400	8850	0.2870	0.3800	0.2640	0.5639
1980	10841	0.4150	8224	0.3450	0.4400	0.3100	0.5999
1981	10652	0.4860	8081	0.4080	0.5090	0.3590	0.6319
1982	10594	0.5168	8037	0.4370	0.5400	0.3831	0.6062
1983	10963	0.4986	8317	0.4247	0.5338	0.3810	0.5810
1984	11318	0.4887	8586	0.4208	0.5377	0.3827	0.5578
1985 *	11318	0.5180	8586E	0.4542	0.5684	0.4149	0.5684

* LATEST ESTIMATE.

TABLE 1B

The Hertz Corp.
1/86

HERTZ ESTIMATES OF 1985 MODEL NEW
PASSENGER CAR OWNERSHIP & OPERATING COSTS

Years Used	'COMPACT' MODEL AVERAGES At CONSTANT 8586 M.P.Y. ¢.P.M.	$ P.Y.	8,586 At DECLINING Annual Miles AVERAGING 8586 Over 10-Yr.Period M.P.Y.	AVERAGES ¢.P.M.	$ P.Y.
1	0.6370	5,468.89	13,060	0.4616	6,029.05
2	0.6076	5,217.07	12,073	0.4698	5,671.39
3	0.5777	4,960.45	11,318	0.4677	5,293.43
4	0.5528	4,746.44	10,598	0.4705	4,986.20
5	0.5330	4,576.05	10,156	0.4708	4,781.78
6	0.4945	4,245.62	9,859	0.4456	4,393.05
7	0.4653	3,995.36	9,618	0.4281	4,117.76
8	0.4400	3,777.45	9,352	0.4164	3,894.34
9	0.4217	3,620.94	9,032	0.4083	3,688.08
10	0.4058	3,484.05	8,586	0.4058	3,484.05

NOTE: Above Costs Are AVERAGES For Varying Use/Mileage Periods; those below are for each INDIVIDUAL year.

CURRENT 1985 DATA 'COMPACT' CAR EXPENSES

Year of Use	YEARLY Costs & Mileages for Various Ownership Periods (Not AVERACES for ALL Years As Listed Above.) AVERAGES At CONSTANT 8586 YEARLY Mileages ¢.P.M.	$ P.Y.	8,586 AVERAGES At Listed DECLINING YEARLY Mileages AVERAGING 8586 M.P.Y. M.P.Y.	¢.P.M.	$ P.Y.
1	0.6370	5,469.28	13,060	0.4616	6,029.02
2	0.5783	4,965.28	11,086	0.4793	5,313.85
3	0.5180	4,447.55	9,808	0.4626	4,537.48
4	0.4780	4,104.11	8,438	0.4817	4,064.58
5	0.4536	3,894.61	8,388	0.4726	3,964.08
6	0.3021	2,593.83	8,224	0.2899	2,384.47
7	0.2904	2,493.37	8,322	0.3041	2,530.93
8	0.2623	2,251.76	7,490	0.3111	2,330.06
9	0.2759	2,368.62	6,472	0.3149	2,038.00
10	0.2623	2,252.11	4,572	0.3604	1,647.78
Tot.	0.4058	3,484.05	8,586	0.4058	3,484.03

Slight variations owing to rounding.

TABLE II

1/86

BREAKOUT OF HERTZ OWNERSHIP & OPERATING COST ESTIMATES FOR SELECTED CARS
Average Expenses For Various Years Of Ownership at 10,00 Miles A Year

Model Year:	1985						1984			
Purchase Price	$ 9,834			$ 10,509			$9,113		$10,103	
Car Size	Compact			Intermediate			Compact		Intermediate	
Years Kept	3-Yr.	5-Yr.	10-Yr.	3-Yr.	5-Yr.	10-Yr.	5-Yr.	10-Yr.	3-Yr.	10-Yr.
Depreciation	0.2049	0.1564	0.0964	0.1934	0.1645	0.1199	0.1458	0.0893	0.2122	0.0990
Ins.,Lics.,Fees	0.1193	0.1193	0.1041	0.1138	0.1268	0.1311	0.1084	0.0932	0.1156	0.0995
Interest (P&L)	0.0789	0.0849	0.0425	0.0745	0.0894	0.0529	0.0917	0.0459	0.0929	0.0508
FIXED SB.-TOTL.	0.4031	0.3606	0.2430	0.3817	0.3807	0.3039	0.3459	0.2284	0.4207	0.2493
Maint. & Repair	0.0390	0.0430	0.0525	0.0487	0.0538	0.0622	0.0387	0.0472	0.0395	0.0550
Gas,Oth.Svc.Stn.	0.0726	0.0728	0.0732	0.0876	0.0878	0.0882	0.0721	0.0726	0.0776	0.0784
VARIABLE S/T	0.1116	0.1158	0.1257	0.1363	0.1416	0.1504	0.1108	0.1198	0.1171	0.1334
F & V TOTALS	0.5147	0.4764	0.3687	0.5180	0.5223	0.4543	0.4567	0.3482	0.5378	0.3827

Model Year:	1983				1982		1981	
Purchase Price	$8,358		$9,770		$8,102		$9,397	$7,621	$8,326
Car Size	Compact		Intermediate		Compact		Intermediate	Comp.	Inter.
Years Kept	5-Yrs.	10-Yrs	3-Yrs.	10-Yrs.	5-Yrs.	10-Yrs	3-Yrs	10-Yrs	5-Yrs.	3-Yrs.
Depreciation	0.1371	0.0819	0.2117	0.0957	0.1329	0.0794	0.2034	0.0920	0.1311	0.1943
Ins.,Lics.,Fees	0.0998	0.0859	0.1062	0.0915	0.0980	0.0843	0.1036	0.0892	0.0907	0.0941
Interest (P&L)	0.0766	0.0383	0.0823	0.0448	0.0967	0.0483	0.1007	0.0560	0.0969	0.0885
FIXED SB.-TOTL.	0.3134	0.2061	0.4002	0.2320	0.3275	0.2121	0.4076	0.2372	0.3187	0.3769
Maint. & Repair	0.0355	0.0422	0.0395	0.0536	0.0342	0.0407	0.0349	0.0473	0.0276	0.0300
Gas,Oth.Svc.Stn.	0.0838	0.0846	0.0941	0.0954	0.0849	0.0857	0.0971	0.0986	0.0879	0.1020
VARIABLE S/T	0.1193	0.1268	0.1336	0.1490	0.1191	0.1264	0.1320	0.1459	0.1155	0.1320
F & V TOTALS	0.4328	0.3329	0.5338	0.3810	0.4467	0.3384	0.5395	0.3831	0.4342	0.5089

Model Year:	1980		1979		1978	1975	1974	1973	1972	
Purchase Price	$6,454	7,129	5,079	6,161	5,578	4,676	3,934	3,493	$3,425	
Car Size	Comp.	Inter.	Comp.	Inter.	Inter.	Inter.	Inter.	Inter.	Intermediate	
Years Kept	5	3	5	3	3	3	3	3	3	10
Depreciation	0.1123	0.1711	0.0884	0.1561	0.1422	0.1262	0.1062	0.0943	0.0924	0.0326
Ins.,Lics.,Fees	0.0813	0.0848	0.0643	0.0790	0.0698	0.0388	0.0370	0.0350	0.0342	0.0245
Interest (P&L)	0.0647	0.0643	0.0418	0.0460	0.0413	0.0331	0.0246	0.0203	0.0198	0.0110
FIXED SB.-TOTL.	0.2583	0.3202	0.1945	0.2810	0.2533	0.1981	0.1678	0.1496	0.1464	0.0681
Maint. & Repair	0.0252	0.0268	0.0229	0.0248	0.0231	0.0191	0.0182	0.0177	0.0173	0.0234
Gas,Oth.Svc.Stn.	0.0807	0.0929	0.0681	0.0740	0.0548	0.0546	0.0520	0.0344	0.0337	0.0330
VARIABLE S/T	0.1059	0.1197	0.0910	0.0988	0.0779	0.0737	0.0702	0.0521	0.0510	0.0564
F & V TOTALS	0.3642	0.4399	0.2855	0.3798	0.3312	0.2718	0.2380	0.2017	0.1974	0.1244

Slight Variations Owing To Rounding

TABLE III

Hertz Corp. 2/86

YEARLY & 'LIFETIME' COSTS OF INTERMEDIATE-SIZE CAR BOUGHT NEW IN 1976, DRIVEN 10,000 MPY & SCRAPPED IN 1985
Some (Data from Hertz Car Ownership & Operating Costs Studies Over Past Decade, in Cents-Per-Mile)

Car Purchase Price: $	4,864										
Car Age In Year (Use Period)	1	2	3	4	5	6	7	8	9	10	10-Year Average
Calendar Year	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
Depreciation (purchase price share	0.1569	0.1329	0.1087	0.0429	0.0195	0.0146	0.0117	0.0049	0.0024	0.0012	0.0496
Insur., Licsns., Fees	0.0491	0.0608	0.0698	0.0790	0.0825	0.0569	0.0616	0.0640	0.0664	0.0699	0.0660
Interest Paid & Lost	0.0275	0.0308	0.0353	0.0476	0.0583	0	0	0	0	0	0.0200
Sub-Total 'Fixed' or Standing Expenses	0.2335	0.2245	0.2138	0.1695	0.1603	0.0715	0.0733	0.0689	0.0688	0.0711	0.1355
Maintenance, Repairs	0.0158	0.0231	0.0267	0.0312	0.0319	0.0371	0.0412	0.0497	0.0538	0.0591	0.0370
Gasoline & Other Service Station Charges	0.0531	0.0551	0.0550	0.0748	0.0935	0.1176	0.1185	0.1182	0.1197	0.1190	0.0925
Sub-total Variable or Running Charges	0.0689	0.0782	0.0817	0.1060	0.1254	0.1547	0.1597	0.1679	0.1735	0.1781	0.1294
Total Fixed & Variable Expenses PER YEAR	0.3024	0.3027	0.2955	0.2755	0.2857	0.2262	0.2330	0.2368	0.2423	0.2492	0.2649
AVERAGE Annual Costs For Years Held	0.3024	0.3026	0.3002	0.2940	0.2924	0.2813	0.2744	0.2697	0.2667	0.2649	
AVERAGE Costs in '76$	0.3024	0.2686	0.2501	0.2276	0.2035	0.1799	0.1598	0.1420	0.1362	0.1289	0.1999
ANNUAL Costs '76 $s	0.3024	0.2687	0.2462	0.2133	0.1988	0.1447	0.1357	0.1247	0.1237	0.1213	0.1879
YR.1 New Car Costs In Each Year**	0.3024	0.3243	38.5800	0.4014	0.4659	0.5134	0.5801	0.5783	0.5899	0.6280	
Cents Per Mile DIFFERENCE Keeping Old Car Vs. Trading For New One	----	0.0216	38.2845	0.1259	0.1802	0.2872	0.3471	0.3415	0.3476	0.3788	

NOTE: Figures in this and other Hertz car ownership
** studies reflect estimates for typical cars, typically-equipped and driven typical mileages by typical new-car-buying families.

TABLE IV

HERTZ CORP. 1/86

SUMMARY OF 1973-85 DOMESTIC AUTOMOBILE SIZE & PRICE CHANGES

CAR SIZE	'Sub-compact'	'Com-pact'	'Mid-Size'	'Inter-mediate'	'Standard'
Example Model:	Escort	Tempo GL4	Mustang L4	LTD-4	Crown Victoria
'85 LIST Price $	7,905.00	9,798.00	8,826.00	10,254.00	13,287.00
Wheelbase(")	94	100	101	106	114
Total Length(")	164	176	179	197	211
Weight(lbs.)	2,146	2,443	2,664	3,001	3,730
Price Per Lb. $	3.68	4.01	3.31	3.42	3.56
		Change Vs.1984			
Weight Lbs.	0	0	0	0	0
Length Inches	0	0	0	0	0
Price $	1,083.00	1,083.00	734.00	(670.00)	356.00
Price Pctg.	0.159	0.119	0.077	-0.068	0.029
		Change Vs.1973			
Weight Lbs.	(70)	(314)	(565)	(777)	(562)
Length Inches	(1)	(7)	(15)	(15)	(9)
Price $	4,963.00	6,713.00	5,124.00	6,347.00	9,040.00
Price Pctg.	1.687	2.176	1.384	1.625	2.129
'84 LIST Price $	6822	9064	9496	9898	12379
Wheelbase(")	94	100	101	106	114
Total Length(")	164	176	179	197	211
Weight(lbs.)	2146	2443	2664	3001	3730
Price Per Lb. $	3.18	3.71	3.56	3.30	3.32
'83 LIST Price $	6,330	8,504	8,721	9,732	11,472
Length	164	196	179	197	211
Weight	2016	2824	2700	2981	3748
'82 LIST Price	5,822	8,180	9,098	9,683	9,857
Wheelbase	94	106	106	108	114
Length	164	196	197	200	209
Weight	2011	2778	2941	3169	3602
'81 LIST Price	5417	7714	8195	8802	9023
Length	164	196	197	200	209
Weight	1987	2724	2948	3167	3602
'80 LIST Price	6042	6464	7106	7708	8781
Length	171	196	200	200	209
Weight	2488	2688	3250	3262	3584
'79 LIST Price	5004	5370	6265	6738	7793
Length	169	194	198	216	209
Weight	2449	2682	3249	3910	3611
'78 LIST Price	4647	5061	5759	6031	6379
Length	169	194	194	216	224
Weight	2425	2748	3349	4056	4266
'75 LIST Price	3622	4230	4979	5089	5515
Length	166	187	194	218	224
Weight	2581	2891	3243	4258	4502
'74 LIST Price	3304	3518	3857	4257	4870
Length	166	187	194	215	222
Weight	2443	2852	2964	4038	4302
'73 LIST Price	2942	3085	3702	3907	4247
Wheelbase	94	103	109	118	121
Length	165	183	194	212	220
Weight	2216	2757	3229	3778	4292
Price Per Lb. $	1.33	1.12	1.15	1.03	0.99

NOTE: Size classifications are arbitrary. Car names have changed.

DETAILS OF 1985 HERTZ COST ESTIMATE CALCULATIONS

1. MODELS USED: Sub-compact, Escort; Compact, Tempo; Mid-size, Mustang; Intermediate, LTD-4; Standard, Crown Victoria. Discounts assumed: Sub-compact, 8.25%; Compact, 5.25%; Mid-size, 4%; Intermediate, 3.25%; Standard, 1.75%. Sales Tax assumed: 5.925%. PURCHASE Prices resulting: Sub-compact, $7683; Compact, $9834 Mid-size, $9350; Intermediate, $10,509; Standard, $13,829.

2. DEPRECIATION rates are estimated averages. Rates may vary widely from year to year or model to model, depending on a variety of factors including inflation, optional equipment and public perception of retained value; but over the years have been relatively consistent. Aggregate rates used are--1 year, 28.5%; 2 years, 49%; 3, 62.5%; 4, 72%; 5, 79.5%, 6, 85.5%; 7, 90%; 8, 93.5; 9, 96%; 10, 98%. Abormally high or low mileage-per-year also will produce depreciation-rate variations of 1 to 3 cents a mile.

NOTE: No future inflation assumption is included; so-called "constant dollar figures are used. Therefore, inflation may alter longer-term ownership and operation expenses; however, inflation would also contribute to higher future new car purchase prices, so true depreciation is simply "postponed". Special Table shows 1975-model 10-year expenses reflecting automotive inflation for a decade. Depreciation usually is lower with high inflation, higher with low; other charges are normally higher than Hertz estimates.

3. INSURANCE based on $250,000/$500,000/$50,000 liability, $500 comprehensive and collision deductible. (Deductible has been increased over the years to reflect Hertz' attempt to estimate typical expenses for typical new-car-buying families with one or two youthful drivers, so comparisons from year to year are not precisely the same. Estimates assume full insurance is retained for duration of car loan; then, if car is kept longer, comprehensive-collision is dropped, only liability is retained.

4. INTEREST. For Ownership Periods up to five years, car loans are assumed to be for periods equal to ownership term — e.g., 3-year loan for 3-year ownership, 5-year loan for 5-year ownership. For longer use, 5-year loan is maximum. (Before 1980 when 5-year loans became readily available, 4-years was maximum.) Loans are assumed to be 2/3rds of purchase price; cash down payment 1/3rd. Interest-LOST on down payment assumed only for loan duration. Interest assumes MONTHLY loan REPAYMENTS, QUARTERLY COMPOUNDING on interest lost, as follows: Year 1, 13.19% paid, 8.55% lost; Year 2, 13.24%, 8.61%; Year 3, 13.29, 8.66; Year 4, 13.42, 8.84; Year 5, 13.48%, 8.68%.

5.FUEL-EFFICIENCY & MAINTENANCE cost estimates are based on Hertz experience, NOT on government, manufacturer or industry data. Estimates do not EQUAL Hertz costs, since study is intended to reflect expenses incurred by INDIVIDUAL drivers to help calculate outlays for personal autos. Hertz estimates also assume full, complete, proper, professional maintenance (which some motorists may not perform at intervals specified) rather than on "do-it-yourself" prices. Nevertheless, slight annual fuel-efficiency reductions are assumed in calculating gasoline costs.

6.Tolls & Garaging are excluded since these expenses can fluctuate widely even within the same geographical area, depending upon driving patterns, routes, etc. Such charges, however, are almost never "nothing." If a car is parked in the owner's GARAGE, for example, technically, a pro-rata expense (based on the garage size), should be applied. TOLLS can also make a substantial cost difference for commuters: two next-door neighbors driving equal distances to work in similar cars might have a 2-5c-a-mile variation. Major-city, mid-town PARKING likewise might add 5-25c-a-mile.

7.MODELS SELECTED. Calculations are for typical cars, equipped typically, driven typical MILEAGE and kept typical yearly PERIODS. Major options ordered by most buyers are included on most models, such as automatic transmission, power steering and brakes, tinted glass and air conditioning. Those MOST TYPICAL mileages and use durations are featured, but OTHER mileages and periods are also LISTED. This is to illustrate the substantial cents-per-mile and dollars-per-year cost VARIATIONS which different annual mileages and different use periods alone can produce.

8.CENTS-PER-MILE Vs. DOLLAR-PER-YEAR COSTS.Many drivers prefer CENT-PER-MILE car cost estimates (for tax or employer/reimbursement reasons), but DOLLAR-PER-YEAR figures are better. Tables illustrate that HIGH yearly mileages produce LOWer cent-per-mile expenses simply because so-called "fixed," or standing, charges such as insurance, taxes, licenses and interest are thus spread over more miles each year. STUDIES EXPRESSING COSTS FOR HIGH ANNUAL MILEAGE IN CENTS-PER-MILE TERMS RATHER THAN DOLLARS-PER-YEAR, MAY THEREFORE BE MISLEADING.

Example: A compact model driven 10,000 miles a year costs 47.64¢ a mile (over the now-most-typical 5-year use), equal to $4764 a year. At 15,000 annual miles, per mile costs over 5 years, drop to 36.18¢ but add up to $5426 A YEAR. At 20,000 miles a year, PER-MILE charges fall even more, to 30.60¢. But ANNUAL DOLLAR COSTS soar to $6119. Conversely, at just 5,000 miles a year, PER-MILE outlays were 82.94¢ for '84, but only $4147 ANNUALLY. The estimated national average mileage in 1985 was 8,586 per-car per-year and the 5-year compact model expenditures at THAT travel rate are 53.3¢ a mile, but just $4,576 a year.

9.CONSTANT ANNUAL MILEAGE. Owing to statistical aberrations, some studies indicate that mileage on new cars is higher in their earlier years of ownership, lower later, The reporting of such costs on a cents-per-mile AND a declining annual mileage basis, can SERIOUSLY MISLEAD motorists. Such presentations mask the fact that longer car ownership normally reduces both cents-per-mile AND dollars-per-year costs. This is because, for most domestic cars purchased new, DEPRECIATION is higher in the car's first years, less as it ages. Keeping a car after a loan is repaid results in lower average INTEREST, too; AND, collision and comprehensive INSURANCE may be dropped after loan repayments end. (For similar reasons, cars bought used traditionally cost less to own and run than new ones.)

Example: The study table for compact models shows that at the constant national average of 8,586 miles a year typical costs drop from 63.70¢ a MILE—or $5468 a YEAR—for cars traded annually to 40.58¢ ($3484 a year) if the car is kept 10 years. However, if annual mileage declines each year (as at least one government report claims), cents-per-mile outlays are distorted to appear "flattened". They start at 46.16¢for 13,060 miles assumed run the FIRST year, climb to 47.26¢ for 8,388 miles assumed traveled the FIFTH year, and are 36.04¢ for just 4,572 miles assumed run in the 10TH.

10. AVERAGE AND ANNUAL OUTLAYS. Selected costs are itemized for EACH YEAR as well as AVERAGE costs for varying terms of years a car may be kept. ANNUAL costs especially, show the substantial expense-decline after a car loan is repaid and insurance is cut; the Hertz study figures show that even though fuel and maintenance expenditures climb in later years after high mileage, these "running" charges almost never rise as fast as the fixed or "standing" charges drop. Thus, TOTAL average outlays almost always decline as a car ages. The Hertz Corp. 2/86 # # # #